

complaint

Mr M has complained about the way Zenith Insurance plc dealt with a claim made against his car insurance policy.

background

Mr M bought a car insurance policy with Zenith. In December 2016 Zenith received a claim from a third party. They said Mr M's car had been involved in an incident.

Mr M told Zenith he wasn't involved in the incident, which had happened over 100 miles away from his home. The police had given an incorrect registration to the third party which had led to the claim against Mr M. So the claim was removed from Mr M's record and the third party redirected their claim to the correct insurer. This happened in June 2017.

Mr M complained to Zenith. When he received its renewal quotation in April 2017, it was the first time he realised there was an open claim recorded against his record. Mr M hadn't heard from Zenith since December 2016. He thought it had dealt with the case of mistaken identity. So he was upset to find out his renewal premium was based on an open claim and his No Claims Bonus (NCB) had reduced.

Mr M had contacted the police directly and found out the registration details were incorrect. He then passed this information to Zenith, who in turn passed to the third party. He'd had to pay a lot more for his car insurance at renewal (with another insurer). He felt this could've been avoided if Zenith had properly investigated the claim.

He wanted Zenith to do the following:

- renew his policy with it on the same terms as 2016-2017.
- reimburse him for the premium he'd paid his current insurer.
- Remove the claim from all internal and external databases.
- Pay him £1,000 compensation for the worry and upset Zenith had caused him.

Zenith said it had a duty to investigate the claim. Although it told the third party it believed this was a case of mistaken identity, they'd provided information to say the registration details were correct. So it had to allow some time to further investigate. And it wanted to provide evidence that Mr M's car hadn't been involved in the incident as claimed. So it had arranged for an engineer to inspect Mr M's car.

But it apologised for any distress the claim had caused Mr S and paid him compensation of £75. And it removed the claim from all databases.

Mr S felt Zenith's offer of compensation was an insult as it didn't reflect the emotional and financial upset the claim had caused him. So he brought his complaint to us.

Our investigator felt Zenith had acted reasonably. It defended the claim and asked the third party for proof that Mr M's car was involved in the incident. The third party provided an email from the police which recorded Mr M's car registration details. So Zenith had to investigate further.

When Mr M contacted the police, the correct registration details were provided. Zenith wrote to the third party promptly and the claim was redirected. So the investigator felt Zenith's compensation of £75 was fair.

Mr M didn't agree. He feels Zenith has caused him considerable financial and emotional stress by the way it investigated the claim. So he wants an ombudsman to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've no doubt that being contacted about a claim that Mr M wasn't involved in caused him upset and worry. I've looked at whether Zenith's handling of the claim caused Mr M additional worry and upset because it didn't properly investigate it.

Zenith received a claim from a third party in December 2016 for an incident that happened a week before. The third party gave a different name and address, but Mr M's car registration. When Zenith contacted Mr M, he said he wasn't involved in the incident. Zenith promptly wrote to the third party to say this must be a case of mistaken identity. It asked the third party to redirect its claim.

When the third party insisted the details it held were correct, Zenith asked for proof. The third party provided an email from the police. This listed Mr M's car registration, but again a different name and address.

Due to the information provided, Zenith had no choice but to investigate further. It made arrangements to inspect Mr M's car so that it could defend the claim. And it asked the third party for more proof of the driver's identity and make and model of car.

In the meantime, Mr M decided to contact the police directly. He was told by another police officer that the car registration was different by one digit. So the police had provided the wrong registration in its email to the third party. The claim was redirected shortly after.

I understand that Mr M feels Zenith should have done more to have this claim redirected earlier than it was. But I can also understand why Zenith wouldn't necessarily have contacted the police immediately to challenge the information it provided. It had written evidence that the police recorded the registration of the car as being Mr M's. When Mr M provided the updated information, Zenith immediately contacted the third party and chased it for confirmation it had redirected the claim. From what I've seen, I think it carried out its investigation in a fair and reasonable way.

When a claim has been opened, insurers who are signed up to the Claims Underwriting Exchange (CUE) database are obliged to record the claim on the CUE database. While a claim is being investigated, it remains open. And while a claim is open, it's classed as a 'fault' claim. In Mr M's case, because the claim was still open when his policy came up for renewal, the open claim impacted on his NCB. This meant that his insurance premium at renewal was higher.

Until the third party had redirected its claim, Zenith couldn't remove the claim from Mr M's record. But most insurers will recalculate any difference in premium – and reinstate any NCB – once a claim has been closed or removed. Mr M can ask his current insurer to do this.

Mr M wants Zenith to backdate an insurance policy for him from the renewal date now that the claim has been removed. And he wants it to reimburse him for the premium he paid for cover with another insurer. But this isn't something I can ask Zenith to do. It provided a quote for Mr M at renewal. But he chose to buy a policy elsewhere. So he will need to make arrangements with his current insurer for any adjustment as a result of the removed claim.

I know that the claim has caused Mr M worry and upset. But I don't think the way Zenith dealt with the claim was unreasonable. It had a duty to investigate the third party's claim. When given independent information to support it, it continued to defend the claim and asked for more information. This took time. But I don't think Zenith caused any undue delay.

So I don't think Zenith is responsible for all of the worry and upset the claim caused Mr M. It recorded the open claim correctly. Mr M can contact his current insurer to recalculate his premium now that the claim has been removed.

I think Zenith should have kept Mr M updated more regularly between December 2016 and April 2017, when he received his renewal quote. But this wouldn't have changed the outcome. Zenith paid Mr M compensation of £75 for the distress and inconvenience it caused. I think this was fair.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 November 2017.

Geraldine Newbold
ombudsman